

Financial Management in the Context of the Healthcare Sector (Case Study: National Social Security Fund)

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ABSTRACT

This paper is based on data and information gathered directly through interviews and information provide by and at the NSSF. It aims at examining two key perspectives from the financial management point of view: i) using the fundamental concepts of financial management, how to apply appropriately these principles into the context of NSSF, and in effective and efficient way, and ii) what would be the current issues and problems and challenges, the organization has to overcome. The results show that these challenges should be tackle at every level of the NSSF, from the leaders to the employees. It concerns education, healthcare issues, stakeholders' concerns, as well as social infrastructure development, as all will take a prominent place in the future challenge for making Cambodia a modern country with an accountable welfare system in place.

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Introduction

Like any country, Cambodia needs an effective financial management capability to solve the current emerging problems it faces while developing rapidly its long-awaited welfare system and modernizing the country in terms of social protection at the same time. This recent welfare development will make citizens able to enjoy a comfortable, secure and accountable system. Soon, all Cambodians will have a full access to a wider range of social welfares such as social security and the coming pension funds.

The main question is, after analyzing the current situation, what tools or recommendation could we suggest, what people and/or division should be targeted and what would be the impact on the stakeholders (families, employees, enterprises, government).

Methodology and Limitations

The methodology in collecting information, firstly, the primary information through multiple Interviews of heads and deputy heads of divisions which we can have the chance to meet and share the problem, and secondly, the secondary information from different sources such as newspapers and google/internet. A special thanks to the help and assistance of the following divisions:

- Benefits division
- Internal audit division
- Accounting division
- Healthcare division
- IT division
- All top management team

The limitation of this research is the fast-growing development of the NSSF in three different locations, impacting the rapid staff recruitment and the change in the organization and the management team, which can slightly lead to a new re-organization of the work flow. At this pace, the NSSF should have tripled their headcounts by 2020. An update every two year would be more than relevant.

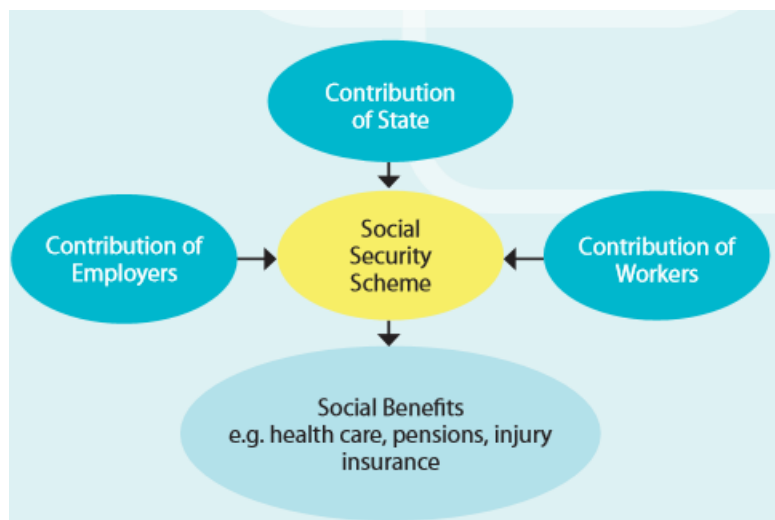
I. WHY WE NEED A WELFARE SYSTEM?

The National Social Security Fund (NSSF) is a public organization, which is under the technical tutelage of Ministry of Labor and Vocational Training and the financial tutelage of Ministry of Economy and Finance. Its mission is to administer and provide social services to the public, the social services such as work injury and basic social security to the worker in private sectors, and NSSF will be responsible of the setup and administration of the pensions scheme.

1. The need for a collective welfare

In the 1948 United Nations Universal Declaration of Human Rights, it was stipulated that “everyone, as a member of society, has the right to social security”¹. And, in order to ensure economic security and social protection for their citizens, many countries have developed welfare systems to help those experiencing the financial problems due to consequences such as ill health, loss of income, work injury, old age, or death. Globally, the collective social security is financed through the employers’ and workers’ contributions, as well as the Government through its taxes collection (see figure 1).

Figure 1: Contributions to the social security²



They will collectively contribute to financing of the social security system. The social security systems will provide assistance to families in terms of financial help, in case of illness or injury, which lead to potential loss of income, whereas the health treatments remain costly. The loss of income can be on the workers side but also as the employers’ side as well (delay or loss of productivity due to reduced workforce available).

¹ http://www.claiminghumanrights.org/social_security_definition.html. “Everyone, as a member of society, has the right to social security and is entitled to realization, through national effort and international co-operation and in accordance with the organization and resources of each State, of the economic, social and cultural rights indispensable for his dignity and the free development of his personality.”

² Source: NSSF, Better Factories www.betterfactories.org/ilo

Moreover, a good welfare system will offer protection to workers in the event of illness, invalidity (partial or permanent), injury at the workplace, maternity or retirement. In the case of those events, the families can have access to various types of benefits, which will help to reduce the family burden, especially for those with younger children. The employers can then also rely on an increased workforce productivity, build confidence and loyalty, and stability by providing these employee benefits to the workers. In short, Social security system lead to social stability, social cohesion, and will contribute to the reduction of inequalities, and in the long term, favorable for a sustainable economic development.

2. Emergence of the Social Security in Cambodia

The Social Security System in Cambodia has been established in 2002 by Law, but its operations have started in 2008, through the first system called “Employment Injury Scheme” (EIS). The recent “Healthcare Insurance Scheme” (HIS) has started in September 2016. Last but not least, the last pillar to join the current three pillars of the Cambodia welfare system will be the Pension Fund Scheme (planned to start in 2018). The current social security system mainly covers the private sector employees.

Since 2008, the NSSF has registered companies, collects membership contributions, manages the fund’s investments, and provides benefits to workers and their families. The contribution is collected from variety of companies (more than 90% garment factory at the beginning) who are the member of NSSF. The companies’ contribution is calculated as a percentage of their staffs’ salary (some brackets are applied depending on the salary ceiling). The eligible companies must record and must pay contribution on a monthly basis to NSSF. The member companies have to issue their payments to NSSF from 1st to 15th in the following month (as for the GDT). The Failure to comply with registration or contribution requirements is subject to punishment under the National Social Security Law.

Currently, there are 2 schemes available under NSSF, work injury (EIS) and healthcare scheme (HIS). For work injury scheme (EIS), the contribution is equal to 0.8% of gross salary (wage before tax) with the ceiling of 1,000,000 KHR, this cost will be paid by the companies and no deduction from staffs’ salary. For healthcare insurance scheme (HIS), the contribution is equal to 2.6% of gross salary with the ceiling of 1,000,000 KHR, this cost is divided into 2 parts, 50% of the amount is borne by the companies and another 50% borne by the employees.

3. The Work Injury Scheme (EIS)

The EIS (Employment Injury Scheme) or “Work Injury”, is a compulsory social insurance scheme, which provides coverage and protection for work-related accidents and illnesses, to all persons working in Cambodia (defined by the National Labor Law), regardless of their nationality, race, sex, religion, political opinion or social origin. This scheme will include soon public-sector workers, apprentices and temporary workers.

The EIS scheme is designed to cover risks such as work-related risks including: (i) Accidents that occur during working hours, regardless of the cause, (ii) Accidents that occur during a worker’s direct commute to or from work, (iii) occupational diseases (for instance illnesses that develop as a result of work).

Before the establishment of the EIS, employers were directly responsible for the cost of medical treatment and lost income when accident. Nowadays, workers can require medical

treatment for work-related accidents and can obtain cost-free care at NSSF-recognized hospitals, or can claim for reimbursement of authorized expenses for the treatment provided at other medical facilities.

NSSF is able to provide to workers up to 70% of their lost wages, when they are temporarily unable to work as a result of occupational risks. And in case of permanent incapacity, benefits will vary depending on the severity of the disability, and the worker's age and his wage. When medically necessary, the worker's caretaker also may receive benefits (usually half the amount the worker is entitled to). If an occupational risk results in death, the NSSF will contribute to the cost of the funeral, and also provide benefits to the worker's family (survivor and children).

4. Health Insurance Scheme (HIS)

The HIS is the health insurance scheme for salaried workers (currently mainly in the garment industry). The Health Insurance is to cover costs of visiting a doctor and purchasing medicine or even hospitalization for the workers, in case of illness or maternity. The system is also beneficial to employers through improving productivity and healthier workforce. The payment of the premium is shared equally between the employer and workers.

Once enrolled in the programme, workers are covered for: (i) Basic pre-natal and post-natal care, (ii) Health care (medicine, qualified medical staff) provided by public (and some private) health facilities (iii) Health care costs related to traffic accidents and provision of a lump sum reimbursement to cover the transportation costs in case of hospitalization

The Health insurance has started to gain credit since September 2016 through effective integration into the existing Benefits division of the NSSF. Their role is to maintain frequent contacts with healthcare providers (hospitals, clinics, private, public, ...), to manage the memberships, monitor the contributions and claims; in short, the management and monitoring of the relationships with the healthcare sector.

5. Next steps: The Pension Scheme

The implementation of the Pension Scheme is planned for 2018. This new scheme will provide additional benefits for NSSF members when they retire or if they become disabled prior to retirement. The benefits include retirement in forms of pension and allowance, invalidity pension, and survivors' benefits. In order to access to the scheme³, the member must follow these conditions: (i) to be at least 55-year-old, (ii) have been a member of NSSF for at least 20 years, (iii) have been contributing to the NSSF for at least 60 months during the 10 years prior to the date of entitlement. The invalidity benefits are available to members who become disabled before the age of 55 and if they have: (i) been NSSF members for 5 years and (ii) contributed to the NSSF for 6 of the 12 months prior to the disability.

Overall, both workers and employers will contribute to support the pension fund through contributions. Like the EIS and HIS, the pension scheme will be compulsory and will apply to all employees covered under the National Labor Law.

³ <http://www.nssf.gov.kh/default/pension-scheme-2/>

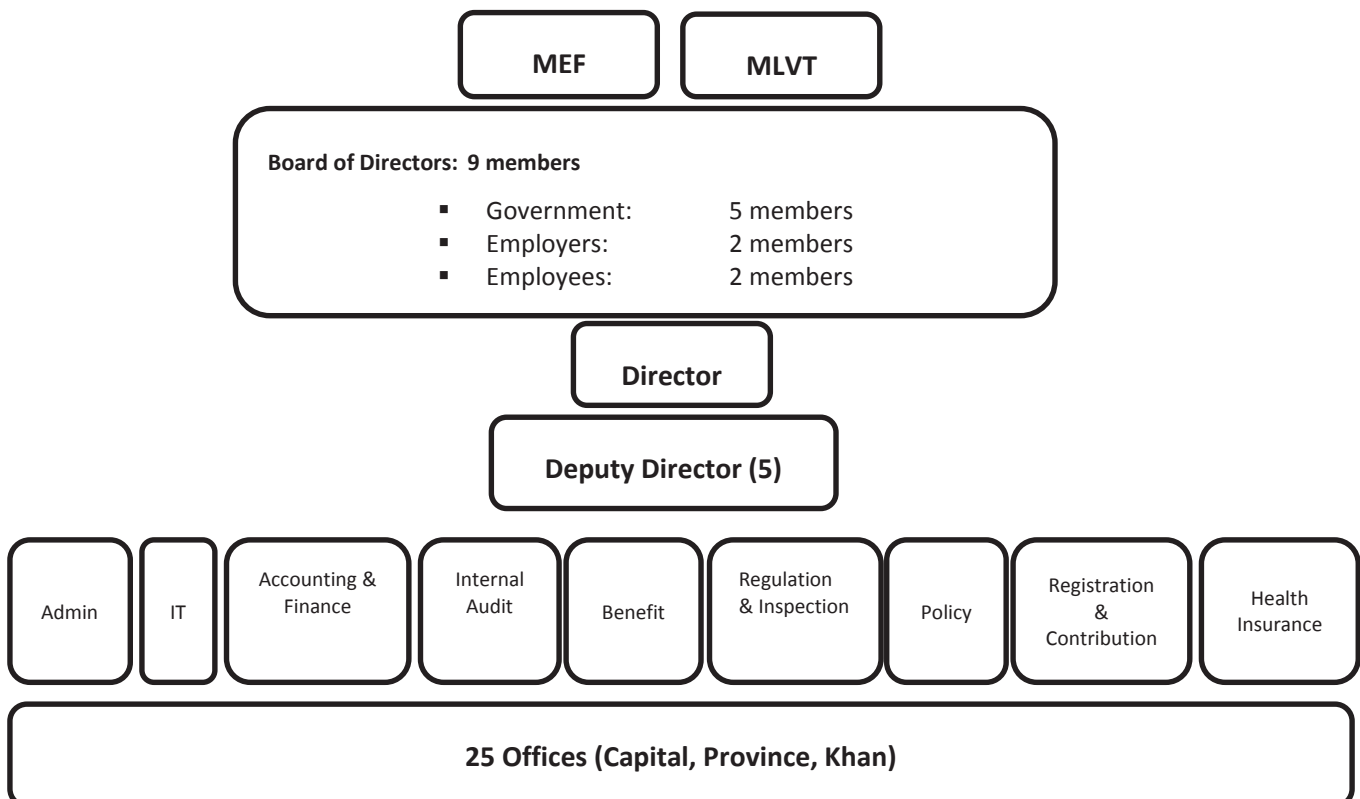
II. HOW DOES NSSF WORK?

1. Organizational structure

The NSSF is managed and monitored by a tripartite governing body, consisting of government, worker, and employer representatives.

I. Organizational Chart

Figure 2: Org Chart of NSSF⁴



II. IT Division

The system used by NSSF is maintained and supported by its own in-house IT Division. Additionally, the system needs extra resource, thus, outsourcing would be an option to develop and design new features, but deployment is slow and extremely expensive and difficult to control.

III. Administrative Division

The Administrative Division is responsible for internal affairs of NSSF, including, documents processing, communication with internal and external stakeholders, and so on.

⁴ Source: NSSF Interviews in September 2017

IV. Accounting and Finance Division

In the interview with accounting and finance division, we discussed about its roles and responsibilities, current practices, revenue and expenses, accounting system, accounting policies, and other concerns pertaining to the work of this division and areas for improvement.

The accounting and finance division of NSSF involves mostly with the accounting related works, including posting financial data into the system, budgetary control, and financial statements preparation. In their annual financial statements, they have prepared balanced sheet and income statement. They use SAGE accounting software to perform such works and record transactions on the cash basis and no depreciation and/or amortization is calculated because it is the common practice for government organizations but they will write off the assets once their uses are exhaustive.

There are 2 main sources of revenue for NSSF. Firstly, the contributions from its members, and secondly, the interest income from fixed deposit of excess cash at the bank. The contribution is collected from variety of companies who are the member of NSSF through percentage of their staffs' salary with certain degree of ceiling. The companies deposit their payment to NSSF's bank account at ACLEDA Bank then they will issue a bank slip to NSSF then NSSF will issue a letter of contribution acceptance for revenue recording. The Interest Income, as the excess of cash will be deposited into a 1-year fixed deposit account at ACLEDA bank which yield around 7% per annum⁵. According to the interview, average revenue of NSSF is 5,000,000 USD per month

On the other side, there are 2 main types of expenses, namely, the claim expenses and the operating expenses/admin costs. On average, the amount of claim expenses is 250,000 USD per month, while the amount of operating expenses is 500,000 USD per month. The Claim Expenses are categorized into 2 main schemes, work injury and healthcare.

The classes of expenses are showed under this classification below:

- | | |
|----------------------------|-------------------------|
| ▪ <i>Work Injury</i> | ▪ Children |
| Hospital payment | ▪ Elderly |
| ▪ Ambulance | - <i>Healthcare</i> |
| ▪ Hospital | Hospital payment |
| ▪ Clinic | ▪ Ambulance |
| ▪ Home Medicare | ▪ Hospital |
| Individual payment | ▪ Clinic |
| ▪ Ambulance/Transportation | ▪ Home Medicare |
| ▪ Daily allowance | Individual payment |
| ▪ Temporary Disability | ▪ Daily allowance |
| ▪ Permanent Disability | ▪ Maternity |
| ▪ Funeral Allowance | ▪ Ambulance |
| ▪ Survivor payment | - <i>Rehabilitation</i> |
| ▪ Spouse | |

⁵ https://www.acledabank.com.kh/kh/eng/ps_defixeddeposit

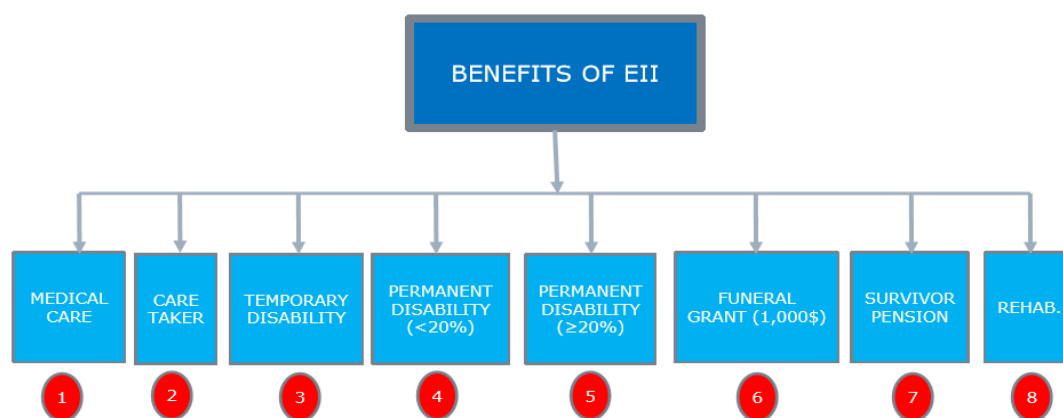
V. Internal Audit Division

Mostly the role of the division is to review the internal controls for the management and the overall administration of the organization. Despite limitation in terms of staff, the Internal Audit division aims to strengthen: (i) the internal auditing capacity (human resources, policy and application, finance, risk control), (ii) The governance and the selection and an external Audit company (iii) the internal auditing implementation. If the NSSF were privatized (not the plan of the Government), it would make sense in the long run to have a corporate governance with a unitary board (1/3 Board) like Anglo-Saxon company, but the current situation is very close to German 2/3 board (including employers and employees in the board) also reflects the will to integrate all the stakeholders in the board decisions. (see figure 2)

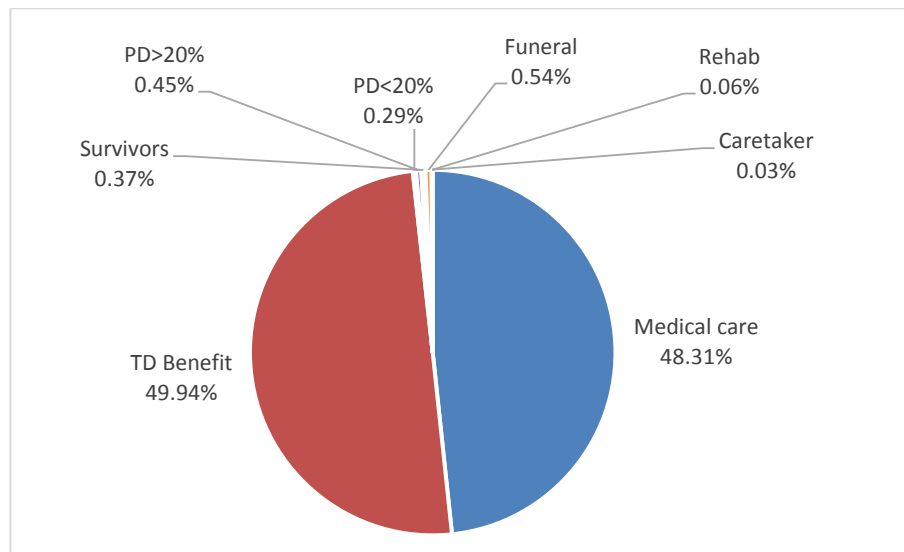
VI. Benefit Division

During 2017e, NSSF received more than forty thousand reports for the work division and, about 38,000 victims (95% of the applications) have been treated and will receive benefits. Generally, 69% are from work injury from workplace accidents, 22% commuting accident, and the rest are from non-work injury. The provisory number of injury has reached 38,162 victims in November 2017 (versus 34,513 victims in 2016 and 30,281 victims in 2015) and represent a CAGR of 12% percent. And with the rapid economic development of the country, the number of work injury will keep increasing subsequently about the double pace of the GDP growth. The organization, thus, need to prepare itself to more workflow such as registration, paper administration and benefit provision, and to deliver more convenient and comprehensive services due to the growing numbers of registration. The services should become more accessible, efficient, effective and timely. The information collected by the benefits division, with the assistance of the in-house IT are crucial for the finance division.

Figure 3: Activities of the EIS⁶



⁶ Source: NSSF, Presentation 2015

Figure 4: % Breakdown of the 32,000 Work Injury Claims in 2016⁷

VII. Regulation and Inspection Division

Companies with more than 8 staffs will be eligible to be the member of NSSF and thus, must pay certain amount of contribution on a monthly basis. The regulation and inspection division will inspect relevant companies for compliance and explain them the processes in which they will comply. Inspection and legal affair play an important role in enforcing law on Social Security Schemes. Their role is mainly focused on explanation and guidance to the owners of enterprises/establishments regarding the policy implementation and updates of social security schemes, they need to make them comply and properly register at NSSF and pay contribution. The other responsibility is investigation to prevent possible fraud of work injury, to find information of the survivors of victim. In case of fraud, they have the capacity to apply sanction, penalty, and complaint to the court in case that enterprises/establishments do not comply. So far 75% of the registered companies has been inspected and 0.2% has been penalized so far in 2016, but the trend might change in 2018.

VIII. Policy Division

The new division is still under construction and aims to build a team of specialists such as lawyers and underwriters to prepare the internal and external policies and disseminate the information and the update to the public and the registered companies and the healthcare community

IX. Registration and Contribution Division

The team is collecting from 25 regions, the contribution based on workers' monthly wage, from all employers. Since the initial implementation from November 2008 to 2016, NSSF has expanded the coverage of Occupational Risk Scheme nationwide and registered more than 8,700 enterprises representing about with 1,14 Million

⁷ Source: NSSF Annual Report 2016, p13

workers (70% of the total are female workers). In terms of industry, Garment, Hospitality, Transport and Restaurants represent most of the registration, and the majority are in Phnom Penh.

X. Health Insurance Division

This division started as a pilot project called the Health Insurance Project (HIP) with GRET organization. The pilot project covers the medical care and victim has run since the first quarter 2016, and now run in a separate building close to Phnom Penh Thmei, with the fastest recruitment pace within the NSSF.

There are four types of services provided by the division: (i) IPD or in-patient department, basically the patient need to stay at hospital or clinic for cure, (ii) OPD or outpatient department, the patient just consults the accredited doctor and will buy medicine to cure themselves, (iii) Birth Delivery (natural or surgery) and (iv) the abortion. The OPD represents more than 93% of the services, followed by IPD (4%) and the rest is Birth delivery/Abortion.

As previously said, it is compulsory for all employers or owners of enterprises to collect and pay contribution to NSSF. The contribution rate is equal to 1.3% from employers and 1.3% from the workers' monthly wage. And since 2016 (and unlike EIS which has started in 2008) there have been about 345 registered enterprises/establishments, of which 312 has contributed (representing about 282,727 workers, mostly female 235,050).

2. Challenges Related to Working Capital management

In order to assure its missions, the NSSF has to overcome some key challenges. These challenges can be viewed from different angles: the employers, the employees and the NSSF side.

From the enterprises and establishment side, they should set up a clear procedure to facilitate the transfer of the workers' data (accurate, update, timely) to NSSF. Any inaccurate or delayed report notification will cause difficulty in terms of investigation and paperwork at the administration level. A late notification of benefit claim document could also delay provision of services to the beneficiaries. Finally, poor cooperation and persistently late declaration and contribution payment could delay the cycle or time between the day the beneficiaries start the claim and the day they receive the cash from the claim.

From workers' side, the NSSF need to educate the members about the scheme in order to avoid frustration and time. Sometimes, workers are not fully aware or completely understand the mechanism of the Social Security Scheme from the division level (EIS or HIS) and also at the benefits claims level like allowance and insurance in place. Another challenge is the lack of official paper and available documents such as national identity cards, residential letter and family book, which causing difficulty in registration and verification. Another issue is when there is no proper marriage certificate (especially for victims for the countryside) it can leading to a non-eligibility for the survivors' benefit.

From NSSF side, as the organization is under tutelage of different ministries, it has to deal with additional stakeholders such as the providers of the medical treatments and care service provisions (quality inspection, fraud investigation, ...) and also with the Ministry of

Health as some medical services are irrelevant, or services are at too high cost. The other difficulty in claiming the medical documents from the doctors who need to respect the confidentiality of the patient.

These key challenges will not be able to overcome overnight but need to be taken into account into the financial management division, in order to make some fine tune and customized the financial ratios internally and externally.

For example, in the working cycle management, we determine the relation or cycle along the inventories, receivables and payables, in that case, we need to analyze in depth the cycle between the payment to the individuals or hospitals (payables), the claims would be the “inventories” with different stage of process (from filling the document unfinished treatment and finished services), the receivables being the contributions. Actually, when victim fills a claim, he can expect to receive the benefits in average 2 month and hospitals around 6 months (not positive for their cash operating cycle). The problem may not be mainly due to poor financial management, but maybe at the source of the problem: the relationship, the interaction and the integration with employers, workers and healthcare providers which both need to be improved.

3. *NSSF Management Targets Quality*

During an interview with Mr. S., Deputy Director of NSSF, we have had collected some valuable ideas and other concerns but for the suppliers of medical services. He has suggested that the hospitals should do their proper cost analysis, in order to create a fee schedule that reflect a fair payment for medical services, with tools like cash flow analysis (cash budget forecast, working capital management).

On the other hand, he wishes the hospital to offer better quality services to his members by achieving 4 criteria which he believes could contribute to improving the medical services of the hospitals: (i) adequate and clean uniform, (ii) no extra unjustified money requested from the members, (iii) good quality healthcare services and environment, (iv) Good attitude of medical staffs.

Additionally, he added that NSSF lacks training to the staffs on site (staffs allocated to different hospitals across the country). Thus, there may be some communication issues between the head office and the staffs on site.

III. WHAT ARE THE PERSPECTIVES IN TERMS OF CAPACITY BUILDING?

The Capacity Building is defined as the *"process of developing and strengthening the skills, instincts, abilities, processes and resources that organizations and communities need to survive, adapt, and thrive in the fast-changing world"*⁸

From Wikipedia, the term may also encompass the *"quality of adaptation, the ability of a school or educator to grow, progress, or improve"*. The phrase "building capacity" is also referring to *"any effort being made to improve the abilities, skills, and expertise of educators"*⁹

It will also important to run a training assessment needs at the organization level, as the educational mission should not be limited to only the executive and top management, but also need to be extended to front and back office employees.

1. Benefit Division & Healthcare Division

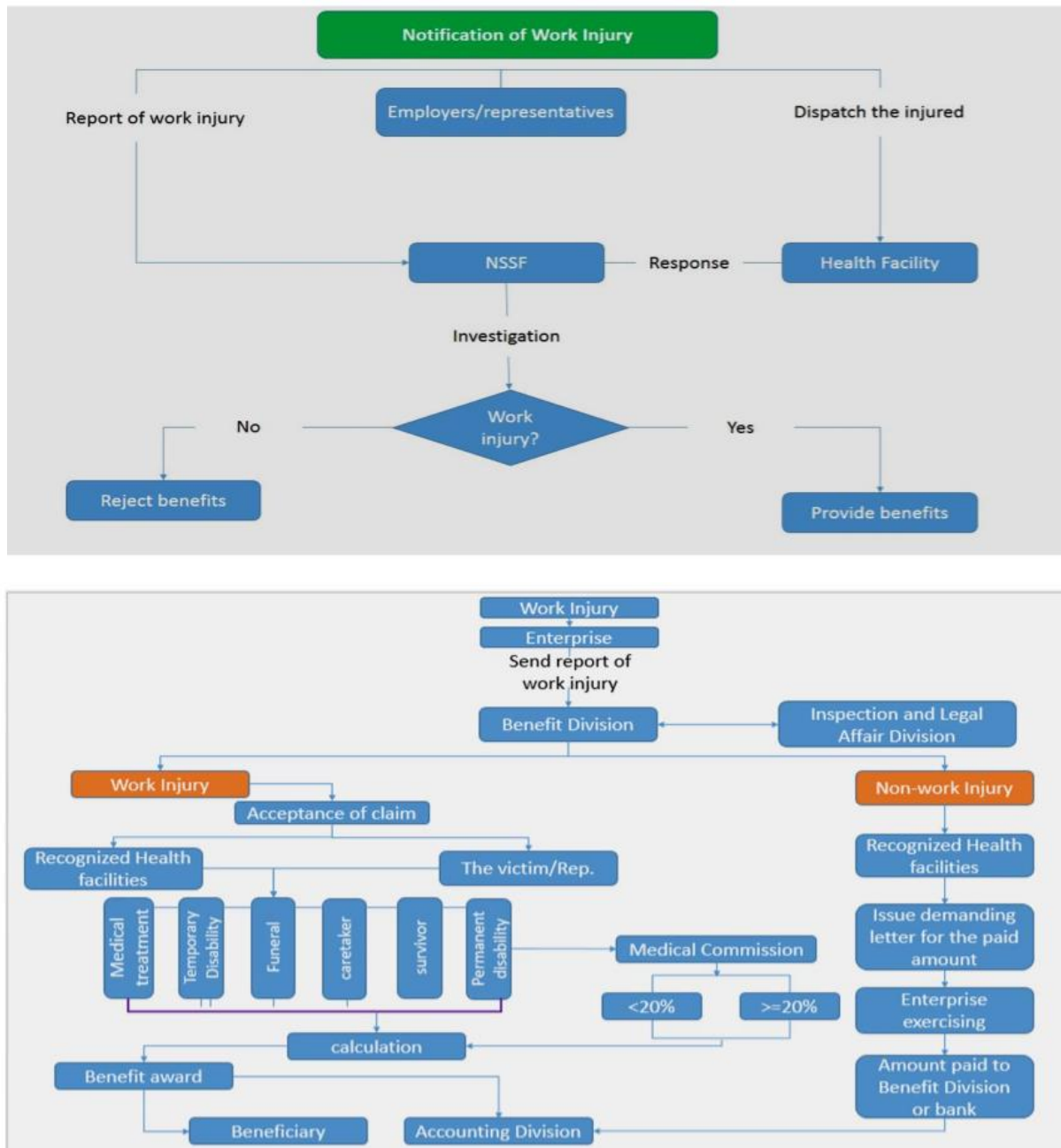
The Benefits division's needs are more specifically on data input management, on how to follow up and how to produce more effective reporting with the existing tools. The team's work mainly relies on papers (notebook, data record, cheques, ...) and data processing are intertwined with internal IT database system. Some works are redundant like the monitoring of information on paper, or internal system and on excel at the same time. The In-house IT system only has started to be used since 2016 (before all data are recorded in excel spreadsheet). The healthcare works also rely upon data from two different systems: the one from NSSF and the outsourced system (HSPIS).

Both division would absolutely need more trainings on basic and fundamental financial functions of Excel (sumif, count, statistics, etc.) to track more efficiently risk of errors and overlapping information, which are not 100% screened by IT. The induction of new employees is very important, so that the senior do not pass the unproductive working habits to the new ones. And all staff should receive continuing updates on the organization and the regulation, as sometimes a new decision can facilitate the management of the workflow and eliminate some redundancies in the process.

The Operations management is also an issue (see figure 4), as too unwieldy. The Training on Total Quality Management would be a plus: for instance, six sigma, operational excellence, analysis of Lead time and application of the JIT (just in time), these could be beneficial in the long run and contribute to a client service care programme.

⁸ Wikipedia

⁹ Aug 29, 2013 Capacity Definition - The Glossary of Education

Figure 5: Work Flow Charts of the Benefit Division ¹⁰

The use of IT and the call center to support the front team does make sense, like for banks and insurance companies, and if the operations are centralized, the separation of Customer/Patient relation management and the transaction should evolve. In the long run, the transactions should be completely technology oriented and the use modern payment tools (electronic transfer like Wing or unity, etc..), is a must.

Some Service Level Agreements (SLAs) should also be implemented to improve quality of services internally and also externally if some services are outsourced.

¹⁰ Source : NSSF

Some training in ACCA skills and actuarial sciences would be helpful as the needs of the division is getting more and more complex in terms of headcounts and they are in first line contact with victims and patients. And as they have more medical stakeholders from public and private sector from ambulance to hospitals, clinics and pharmacies, the need for a training and accounting skills specialized in healthcare system and for insurance company, would be beneficial as well.

2. IT (Information Technology)

The interviews with IT team has been also interesting for the understanding the IT infrastructure. All information and data have been recorded through an in-house system and own development of database since 2017 (before all were in excel spreadsheet). The IT system provides computed data at different level:

- Transactional level (data converted in a specific format for the use of the accounting and finance division), for the purpose of the payment of the benefits and also for the track records. The next development is to integrate the electronic payment system, to reduce number of cheques issuing.
- Informational level: for instance, the benefit division needs specific request from senior management of the division, some additional information on number of death per month and information about relatives (surviving spouse, children, and mother, other relatives), the frequency of accidents. The other purpose is also to prevent and detect in advance the risks of fraud as well.
- Management information system level: the database is also sent to accounting division in a different format, where they use their own application on SAGE¹¹ for reconciliation, for financial statements preparation. On the other hand, with the same database, the IT team can produce various Management reports through basic query and data analysis. Currently, the reporting for management consist of 14 formats, on monthly based (medical expenses, nursing benefits, TD, PD<20%, PD > 20%, caretaker allowance, funeral grants). In the long run, for the management need, the IT team would need to be able to design specific automated reports such as KPI (Key Performance Indicators) or scorecards and explore the possibility of data mining.

Whereas the benefit division data and accounting data rely on in-house IT system, the healthcare division's IT is outsourced (HSPIS) and need to reconciled with the accounting division. Some input of the HSPIS is from benefit division IT database. The second outsourced system make the process more complicated, as it would need more manual reconciliation despite the existing interface and is more time consuming for the healthcare division and benefits division. The management has considered 2 options in the long run: (i) Option one: a united system under a single platform, but it would not reach the standard in term of quality, (ii) Option two: to outsource the whole IT, but the cost is the key issue and the control of the outsourcing company (in some country, the solution could also be a public-private venture)

The team lacks skills in accounting and finance, especially in how to interface the raw database in an automated reporting system for the management. A lot of error remains in

¹¹ <https://www.sage.com/za/products/business-management-solutions/sage-300>

the system. The IT team should also have a training basic and advance excel application, in order to improve the understanding of the specific need of the accounting and management needs, and be the trainer of the trainers, especially for the support of the multiple frontline users.

Looking forward, in the future, as NSSF will need to go online, as many financial services organizations do in Cambodia, thus, the IT Cybersecurity will be a serious concern due to more extended electronic system possibilities, added to the current state that need to be in place to prevent fraud and errors, while the team should continue to achieve smooth integration from back office to front office. Another bold move which can contribute to leapfrog the current situation, would also to explore the possibility to apply the blockchain technology all along the process from identity to data mining. It could be a revolutionary solution.

3. Finance and accounting division

Looking forward, The Accounting and finance team is responsible of the financial management and all the financial control and reporting including income statement, contribution collection monitoring from enterprises/establishments, fine payment, benefit payment for workers suffered from work injury, and administration expenses.

Like any other enterprises, the team has to elaborate cash budget and forecast the income statement for the following (action plans, cash budget forecasts) but also need to make sure the monthly income statement has been reconciled with bank statements and the annual financial statements been audited by a reputed audit company.

The financial control division will make sure to: (i) record all contribution collected on a monthly basis from all the companies and establishments in account receivable, also (ii) to record the daily cost in journal entry and (ii) to record the monthly cost of reimbursement for service providers and of pension benefits for the members in the account payable. The team has to check also all other expenses such as travel expenses, administration fees, and manage the payroll (prepare tax payment on salary, monthly payroll ledger, in order to be compliant with the GDT) and at last to reconcile the bank statement with the cash book.

The role of the finance division is also to deal with the currency exchange risk (mainly USD versus KHR) as the main currency of transactions is KHR.

On the other hand, the other traditional roles of the treasurer such as risk management, corporate finance are not developed yet at this stage.

And the treasury management remains basic, as the excess of cash is invested mainly in certificate of deposit at ACLEDA Bank. The non-sophistication of the asset management, is explained by limited access of financial markets: (i) only 5 stocks listed of the CSX, (ii) no government and corporate bonds available yet in Cambodia, (ii) non-existence of a money market instrument, (iv) no domestic investment vehicles such as fixed income fund, equity fund or money market fund. The limitation of investment possibility limits the action of the treasury management. Moreover, Investments in real estate, commodities will be too risky.

The other limitation is risk management at different level and in the perspective of long term financial management. Sooner or later, the NSSF should equip itself with a technical team to analyses risks; (i) operational risk, (ii) credit and market risk when they will start to invest in the financial markets, (iii) liquidity risk, same as banks and insurance companies, and they

should have some proper liquidity or prudential ratio to prevent risk of illiquidity, and (iv) the asset-liability management risks.

Cash management could be categorized in operational risk and liquidity risk, mostly contribution is coming through ACLEDA, Canadia, Wing, and centralized at ACLEDA Bank, and the excess of treasury are mostly invested in short term Certificate of Deposit at ACLEDA Bank only (counterparty risk)

The division should acquire and develop new skills in asset management (bond, equity, money market) adapted to the Cambodian market and also strengthen capability in asset allocation techniques, with the support of an economist or strategist internally or externally. The investment management in the financial markets should take into account the actuarial sciences, as NSSF must develop their own model on Asset-liability Management.

In accounting, some additional specific and advance training would be needed, such as technical skills (ACCA, CPA, etc.) and the updates on reporting standard (IFRS, IPSAS, etc.) for the healthcare system or insurance company, as the model is very close to the insurance company.

Moreover, with the coordination between the policy division, and the assistance of underwriting team, the data mining and statistics, can help the division to design customized KPIs and financial measures, for instance to understand key factors of the accident (location, enterprises, machines, industries, age, sex ...) and the frequency, in order to modify pricing and or reduce avoidable costs.

Lastly, the Induction and continuous update of the collective training remains important, as the headcount of NSSF is growing very fast, and the organization becomes more complex, these programs should be conducted in parallel to technical skills and soft skills to embed the vision and mission of NSSF. The basic financial function and concept should also be embedded in the induction programme.

IV. CONCLUSION

Many new constructive programs have been disseminated and need to be re-explained to main stakeholders in order to understand the implementation of the policy of the Social Security Schemes especially the Employment Injury Insurance and Health Care one such as ; (i) the Development of the information technology system with an in-house system, and also call center and hotline management system, and the contribution payment mechanism via smart phone (like ACLEDA Unity), (ii) Continuing Improvement of the workflow and procedures, (iii) positive development of the customer care such as the complaint system for the claimants, (iv) more reliable reporting system with and from enterprises/establishments and health facilities, as better communication will facility proceeds and improve provision of services. Overall these continuing improvements will certainly help to overcome the concerns and the key challenges.

Since 2016, the health care system of Cambodia has been gradually improving, either as for its quality, its accessibility and available resources. The main motors of change have been the development of health insurance systems in 2016. But there are still several obstacles to overcome, as the needs of the population keep growing, the baby-boomers of the 1990s who are the most active working population nowadays, and the millennials needs and aspirations may not be as the same as the older generation. And as the society is changing rapidly, and resources remains limited, the country need to ensure the successful development of a modern and reliable health insurance system. The NSSF still needs to elaborate a consistent top down and bottom up strategy, and these being supported by different stakeholders. With communication and continuing professional trainings (domestic and international), the country should overcome rapidly the current obstacles. As a result, the access and the adoption to social security and future pension fund, could be faster than expected. The country should strengthen its institution (NSSF), increase the visibility and confidence in the welfare system, as the increasing sensibility of the population for social protection issue, will be an asset in order to mobilize additional resources, essential to fund the system in the long run. A modern welfare system and especially pension fund system, will certainly create new qualified jobs for the country, such as investment managers like in banks and insurance companies, underwriters, actuaries, and also invent new health insurance schemes from the private sector at good value, and indirectly create even more jobs in healthcare private and public establishment. All these new coming new actors and services are positive and will be a major driver in the modernization and sophistication of the welfare system in Cambodia. Their contribution will be multiple from cost reduction (affordable medicines and medical services, accessible for population) and increasing quality standard and fully availability to the citizens. In the healthcare jargon, it is known as the “*Iron Triangle*”¹² of Health Care: Access, Cost, and Quality.

¹² The concept of the Iron Triangle of Health Care was first introduced in William Kissick's book, *Medicine's Dilemmas: Infinite Needs Versus Finite Resources* in 1994, describing three competing health care issues: access, quality, and cost containment. Each of the vertices represents identical priorities. Increasing or decreasing one results in changes to one or both of the other two. For example, a policy that increases access to health services would lower quality of health care and/or increase cost. The desired state of the triangle, high access and quality with low cost represents value in a health care system.

Figure 6: Kissick's Iron Triangle of Healthcare ¹³



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¹³ Source: William Kissick MD, a professor of medicine from University of Pennsylvania, who worked on the original Medicare proposal. 1994.